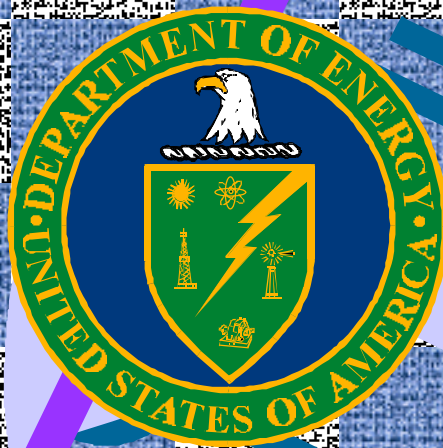


# River Corridor Draft RFP



Hanford Advisory Board  
October 31, 2001

# Discussion Topics

- Solicitation schedule
- Key features of draft RFP
- Highlights of changes in approach
- Summary of draft RFP sections

Key point – RFP is a draft and is expected to change



# Current Solicitation Schedule

- 11/5-7 Prospective offeror meetings
- 11/14 Comments due on draft RFP
- 1/23 Final RFP released
- 4/1 Proposals due
- 7/1 Award (w/o oral discussions)
- 10/1 Complete transition period

Note: If oral discussions are necessary, schedule will be delayed



# Key Features

- Phasing
  - Phase I completes D/DR, F, B/C & H, areas and demolition of 324 & 327
  - Phase II completes K & N areas and the 300 Area
- Phase I represents the portion of the work with the lesser uncertainty in the cost estimates



## Key Features

# Option

- Phase II will be proposed by Offerors as an option
- DOE has sole right to exercise option
- Performance will be one criterion used by DOE in decision to exercise option
- Option to be exercised NLT two years prior to conclusion of Phase I



## Key Features

# Independent Cost Estimate

- Performed by COE
  - Based on pre-existing estimates
  - Contingency expressly treated
    - External factors
    - Uncertainty
  - Result at 80% confidence:
    - Phase I      \$1.509B \*
    - Phase II     \$1.251B \*
- \* Note: Assumes 8.5% fee



## Key Features

# COE Schedule Assumptions

- Assumed:
  - Phase I            8 years
  - Phase II          4 years
- Two years overlap between phases
- Resulting funding assumptions:
  - \$190M/yr. 2003-2008
  - \$400M/yr. 2009-2012





## Key Features

# Seeking Competition

- Industry one-on-one meetings
- Contacting companies with capability
- Provision of ample time for proposals
- Phasing approach
- Ample reward structure
- Simplification of requirements
- Clear statement of work





## Key Features

# Web Site

- [www.hanford.gov/procure/solicit/rcc/](http://www.hanford.gov/procure/solicit/rcc/)
- RFP on site
- Site is richly furnished with technical information on solicitation
- Site to be used as primary communications vehicle between SEB and prospective offerors



## Changes in approach

# Closure Contract

- Focus on end points, not process
- Unambiguous work scope definition
- Open ended items excluded
- Uncertain scope items excluded
- Scope requiring technological advances excluded



# Changes in Approach Contract Type

- Cost Plus Incentive Fee (CPI F) for Phase I
- Fixed Price Incentive Successive-targets (FPI S) for Phase II



## Changes in Approach

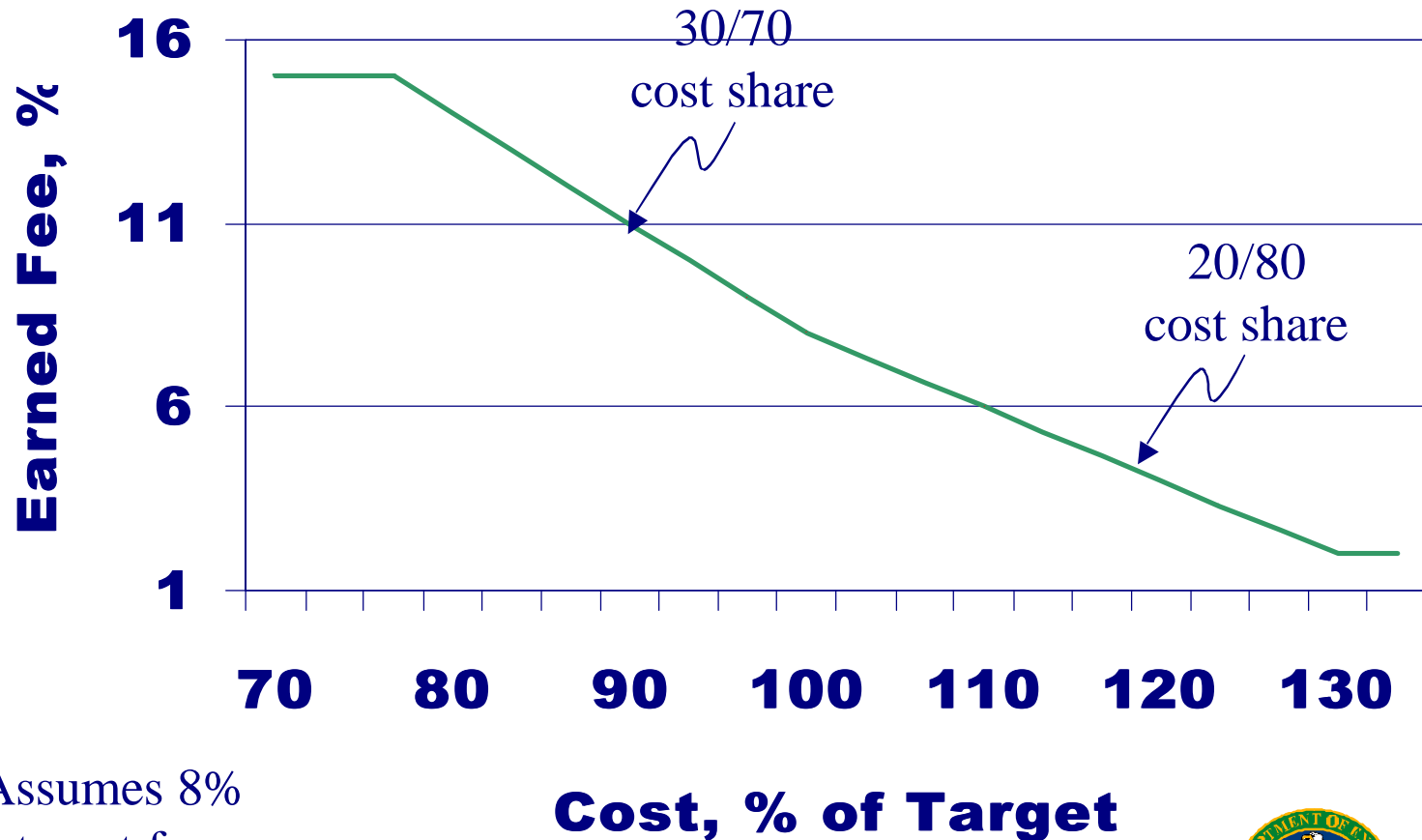
# Purpose for CPIF Contracting

- Enhances the risk/reward structure
- Motivates contractor to finish and depart site
- Appropriate vehicle where scope is clear and changes are not expected
- Previously awarded for RF, Fernald, and WTP contracts



# Changes in Approach

## Sample Fee Curve, CPIF



Assumes 8%  
target fee



# Changes in Approach

## FPIS Features

- FPI same as CPI F except:
  - No maximum or minimum fee
  - Ceiling price required with offer
- FPI S: renegotiation of target cost
  - At a predetermined time
  - Parties may agree to a firm fixed price



## Changes in Approach

# Why was FPIS Chosen?

- Performance of Phase I reduces uncertainty in Phase II cost estimate
- Taking advantage of successive targets feature of contract type
- Phase I targets will be weighed significantly more heavily than Phase II targets in evaluation





## Changes in Approach

# Variable Funding Profile

- Draft RFP requires target cost for \$150M/yr. (base case) & \$210M/yr. (increment case) funding
- Target cost determined from actual funding by interpolation
- Reduces vulnerability of contract to change



# Changes in Approach

## Target Schedule

- Schedule depends on funding & cost
- Offerors requested to identify target schedule that corresponds to target cost at base & increment cases



# Summary of Sections

## Key Sections

- B Prices/Costs
- C Statement of Work
- H Special Contract Requirements
- I Contract Clauses
- J Attachments
- L Instructions to Offerors
- M Evaluation Criteria



## Summary of Sections

# A – Contract Face Page

- Solicitation Number
- Acceptance Period (220 days)
- POC (George Champlain)



## Summary of Sections

# B – Prices & Costs

- Type, funding, fee, provisional fee
- Changes to target cost & fee
- Conditional payment of fee clause
- Option
- Target fee limited to 8.5%
- Max & min fees: 15% & 2.0%
- Fee arrangement for Phase II



## Summary of Sections

# B – Definition of Default

- Term “default” includes situation where Contractor is performing at minimum fee for a period of 4 successive quarters



## Summary of Sections

# B – Treatment of Phase II

- FAR requires relationship between initial target cost & fee and firm target cost & fee
- Parameters in draft RFP chosen so relationship is weak, i.e.
  - Target fee changes 0.02% for each 1% change in target cost





## Summary of Sections

# C –Statement of Work

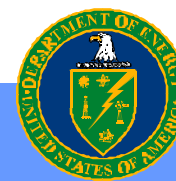
- Statement of work for each phase
- ESH&Q requirements
  - Encourages Section C of LR&D clause
  - QA Program plan 9 months after award
- Management products & controls
- Regulatory framework (milestones)
- GFS&I
- Applicable documents



## Summary of Sections

# Summary RC Work

	Phase I	Phase II
Waste sites	267	255
Burial grounds	45	4
Buildings	31	230
Reactors	4	3



## Summary of Sections

# E – Inspection & Acceptance

- Gives government the right to inspect and accept work under the contract



## Summary of Sections

# F – Deliveries or Performance

- Phase I expected to be 8 yrs.
  - Limited to 11 years
- If option exercised,
  - Limited to 15 years
- Stop work authority
- Listing of required reports



## Summary of Sections

# G – Contract Administration Data

- Only one COR (not specified)
- CO – George Champlain
- Definition of technical direction
- Instructions to Contractor for technical direction received that it considers a change



## Summary of Sections

# H – Special Requirements

- 21 H clauses in total – most unique:
- Payments and advances
- Key personnel
- Alternate dispute resolution



## Summary of Sections

# I – Contract Clauses

- Standard FAR & DEAR clauses
- Contract requires unique clauses for fixed price work





## Summary of Sections

# J – Attachments

- Performance Guarantee agreement
- List A and List B requirements
- Detailed waste site & facility list
- Government furnished equipment



## Summary of Sections

# L – Instructions to Offerors

- Due date for proposals
- Proposal preparation instructions
- Oral preparation instructions
- Cost proposal instructions
- Target cost estimating procedure

Not a part of the contract



## Summary of Sections

# M – Evaluation Criteria

1. Technical approach
  - a. Quality of plan for execution of SOW
  - b. ES&H
2. Project management
  - a. Key personnel
  - b. Organization, controls & systems
  - c. Corporate involvement
  - d. Business plan
  - e. Small business



## Summary of Sections

# M – Evaluation Criteria (cont.)

### 3. Past performance & experience

- a. Experience
- b. Past performance

### 4. Contractor assumption of risk

#### Weightings:

- $2 > 1 > 3 > 4$
- $1a = 1b$
- $2a > 2d > 2b = 2c > 2e$
- $3b > 3a$



## Summary of Sections

# M – Evaluation Criteria (cont.)

- T&M > cost & fee evaluation
- Cost & fee proposal not point scored
- Phase I cost & fee proposal >> Phase II cost & fee proposal
- Realism analysis on target cost
- Determination of most probable cost
- Best value

Not a part of the contract



# Suggestions for Reviewers

- Start with cover letter, Q&As and press release
- Put priority on Sections B, C.1-4, L.7, and M
- Check out the web site “related documents”

